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 CENTRAL INTELLIGENCE AGENCY

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## INFORMATION REPORT

REPORT

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COUNTRY East Germany

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1. The procurement section of the Administration for Soviet Property in Germany (USIG) is that section which procures raw materials needed by the various SAC factories for their production programs. The section is divided into two parts: a Soviet part located on the ground floor of the main building facing the Berliner Strasse, in Berlin-Weissensee; and a German part, located in the rear wing of the USIG building, with entrance at Liebermannstrasse 56. The following is the breakdown of the USIG procurement section, the German part of which is generally known as the Zentraler Versorgungskontor (ZVK):

<u>Soviet</u>	<u>German</u>	<u>Function</u>
Salanov (fnu)	Eduard Feuker	Chief, ZVK
<u>Subsection for ferrous metals</u>		
Apreyev (fnu)	Joachim Stolberg, until his defection April 1953	Chief, subsection for ferrous metals
	Banzer (fnu)	Assistant to Stolberg
	Korrich (fnu)	Interpreter
	Frau Schoen (fnu)	Typist
	Ozarlinski (fnu)	Statistician
	Frau Kretschmann (fnu)	Assistant
<u>Subsection for nonferrous metals</u>		
Antashov (fnu)	Ruehl (fnu)	Chief of subsection
	Neumann (fnu)	In charge of compen- sation deals, including those with West German firms
	Fraulein Meckelburg (fnu)	Interpreter
	Darg (fnu)	Statistician
	Unidentified	Typist

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Soviet

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Function

Subsection for machine construction and electrical equipment

Astaskov (fnu)	Radtke (fnu)	Chief of subsection
	Simon (fnu)	Assistant
	Floetz (fnu)	Assistant

Subsection for chemical goods

Donskoy (fnu)	Barthel (fnu)	Chief of subsection
	Wugenig (fnu)	Assistant
	Hadrys (fnu)	Typist

Subsection for auxiliary materials (e.g., wood, textiles, building materials, etc.)

Donskoy (fnu)	Sikorski (fnu)	Chief of subsection
	Suchy (fnu)	Typist

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2. The trade union (FDGB) secretary for the ZVK is Rudolf Neumann. Neumann has been with the ZVK since late 1951. He was formerly director of DIA-Metall

2. The following is a description of the normal course of business at the ZVK:

- a. Six months before the first of each year, the individual SAC factories draw up on prescribed forms lists (Bedarfsplan) of the raw materials they expect to require in the forthcoming year. These lists indicate for which production program the different items are required and also show what stocks of raw materials are already on hand at the plant itself.
  - b. The lists are forwarded by the plants to the different SAC group headquarters (e.g., Transmash Headquarters, Kabel Headquarters, etc.), where they are collated, checked and approved.
  - c. The lists are then forwarded to USIG, where they are first reviewed by the Soviet component of the procurement section and then passed to the German component for action.
  - d. The ZVK then passes the consolidated lists to the East German State Administration for Material Procurement (Staatliche Verwaltung fuer Materialversorgung). The lists, as passed to the latter office, have already been broken down into the following categories of goods:
    - (1) those which will probably be available from imports - from the USSR, from West Germany, and from other countries
    - (2) those which will probably be available from East German factories; from SAC factories in East Germany; and from supplies stockpiled in East Germany by the SAC's. The list, as passed on by the ZVK, is accompanied by a request that the said items be included in the overall East German procurement plan for the coming year and that the necessary quotas (Kontingente) be issued for them.
  - e. The ZVK then passes the certificates (stating that the quotas have been approved) down the line to the individual SAC plants. The plants then deal directly with the local DMZ (Deutsche Handelszentrale) offices for the purpose of obtaining the raw materials they need.
3. Because the above system does not work out in practice as it is intended to on paper, it is in fact the rule that the ZVK officials deal directly with the following additional offices on a trouble-shooting basis:

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- a. With the Berlin head offices of the various DMZ's whenever negotiations between the local DMZ's and the individual SAC factories have not produced results
  - b. With the various producing ministries (i.e. those which direct the activities of East German state-owned factories)
  - c. With the East German Ministry for Interzonal and Foreign Trade, as the body controlling the activities of the various DIA's (Deutscher Innen & Aussenhandel), whenever the DIA'S have not succeeded in importing goods needed by the SAC plants
  - d. With the various DIA headquarters in Berlin
  - e. With the individual factories in East Germany which are potential producers of raw materials needed by the SAC's
  - f. In the past, directly with representatives of West German firms which were thought to be capable of providing the needed goods. Lately, however, all contact with such representatives has been restricted to Rudolf Neumann.
  - g. Officials of the ZVK also attend the regular quarterly sessions held by the East German government to discuss allocation of rolling-mill products for the following quarter. These meetings are attended by representatives of the SAC's, the ministries, the DMZ's, the Office for Reparations, the Section for Government Orders (Regierungsauftraege), the Ministry of the Interior, and the further unidentified "Zeile 24" (Line-24). The latter is usually represented by some DMZ official. It has been observed that there is never any debate concerning the requirements of the "Line 24" office, whereas there are often heated arguments concerning the allocations for reparations orders. The expression "Government Orders" is defined to include all orders placed by the Red Army in Germany.
4. Miscellaneous notes on the ZVK:
- a. The ZVK was formerly located in the vinegar factory, Liebermannstrasse 126.
  - b. The various subsection heads within the ZVK deal directly with their Soviet opposite numbers; that is, relations are not limited to dealing through the chief of ZVK with the Soviet component.
  - c. The predecessor of Galanov as chief of the Soviet portion of the procurement section was Krut'ko, who held that post until early spring 1953. Krut'ko is now said to be deputy General-director of USIG, with responsibility for the Commercial Section. Galanov was formerly deputy to Krut'ko in the procurement section. Astaskov has taken over Galanov's spot as deputy chief of the procurement section.
  - d. There was no connection observed between the ZVK and the Administration for Soviet Property in Austria (USIA). If any contact exists, it presumably is maintained through the Soviet components.
  - e. Krut'ko drives a medium-sized car of Soviet make.
  - f. Correspondence between Moscow and USIG is never observed in the ZVK though telegrams are often received at the ZVK office, usually signed by one of the many Soviet importing agencies.
5. Miscellaneous notes on USIG:
- a. About 300 Germans and perhaps 200 Soviets are employed at USIG in Berlin-Weissensee.

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- b. The General-director of USIG is Debenin (fnu), who has held this post since 1951. Debenin's predecessor was Trofimov. It was rumored in the ZVK in early 1953 that Trofimov was again in Berlin.
- c. Aside from Krut'ko, there are three or four other deputies to Debenin whose names are not known.
- d. Direct interference by the SCC (Soviet Control Commission) in the affairs of USIG was observed only in cases where USIG had attempted to require East German government offices to do more than they were able to do or more than they were allowed to do. In such cases, the East German office concerned has complained to the pertinent control section of the SCC, which usually acted as mediator in the difficulty. No instance was observed, however, of direction by the SCC in matters concerning purely production problems.
- e. Those goods which are produced in SAG plants under the so-called "Konto-T" are intended for specific Soviet ministries, as opposed to regular deliveries, which go to the usual Soviet importing agencies to be re-sold to customers in the USSR. Such deliveries are said to be based on the writing-off of mutual debts (gegenseitige Verrechnung).

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